

Message Text

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ACTION EUR-12

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AMEMBASSY REYKJAVIK
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TAGS: EIND, EMIN, ETRD, EEC, EFTA, AU
SUBJECT: AUSTRIA SIGNS STEEL PRICE ARRANGEMENT WITH
- EUROPEAN COMMUNITY FOR COAL AND STEEL

REF: A. STOCKHOLM 1038, B. VIENNA 1035, C. BRUSSELS 4362

1. ON MARCH 15, THE HEAD OF THE AUSTRIAN DELEGATION OF
THE MIXED COMMITTEE AT THE ECSC AND EC DIRECTOR DUCHETEAU
SIGNED AN ARRANGEMENT ON STEEL EXPORTS. UNDER THE
ARRANGEMENT, (WHICH ENTERS INTO EFFECT IMMEDIATELY AND
EXPIRES DEC. 31, 1978) COMPANIES LOCATED IN THE AREAS
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CONCERNED WILL RESPECT PRICES IN EFFECT IN AUSTRIA AND
THE COMMUNITY IN SELLING STEEL TO EACH OTHER.

2. MAJOR PROVISIONS OF ARRANGEMENT, WHICH FOLLOWS CLOSELY
AGREEMENT WITH SWEDEN, ARE:

(A) IN SALES TO THE EC, AUSTRIAN STEEL EXPORTERS WILL

OBSERVE MINIMUM AND ORIENTATION PRICES. FOR PRODUCTS FOR WHICH SUCH PRICES HAVE NOT BEEN SET, AUSTRIAN EXPORTERS WILL NOT UNDERCUT BASE PRICES IN EFFECT IN THE EC.

(B) TO FACILITATE AUSTRIAN ACCESS TO THE COMMUNITY, AUSTRIAN STEEL PRODUCTS MAY BE SOLD AT PRICES UP TO 3 PERCENT BELOW THE COST PRICE OF EC MANUFACTURERS.

(C) AUSTRIAN DELIVERIES WILL NOT BE SUBJECT TO ANTI-DUMPING MEASURES CURRENTLY APPLIED BY EC AUTHORITIES.

(D) IF AUSTRIA INSTITUTES MEASURES SIMILAR TO THE EC'S (WHICH IT INTENDS TO DO AS OF APRIL 1, 1978), EC COMPANIES SELLING TO AUSTRIA WILL RESPECT THE MEASURES INTRODUCED BY AUSTRIAN AUTHORITIES; ON THE OTHER HAND, EC SUPPLIERS ALSO WILL BE ENTITLED TO SELL THEIR PRODUCTS UP TO 3 PERCENT BELOW COST PRICES OF AUSTRIAN MANUFACTURERS.

3. COMMENT: WHETHER THE ARRANGEMENT WILL BRING THE DESIRED RESULTS FOR BOTH SIDES, (I.E. HIGHER AND MORE STABLE PRICES) REMAINS TO BE SEEN. UNDER PRESENT PLANS, AUSTRIA INTENDS TO EXTEND ITS CURRENT VISAING PROCEDURE BY INCLUDING ADDITIONAL PRODUCT CATEGORIES AND SETTING MINIMUM AND ORIENTATION PRICES AS OF APRIL 1, 1978. THE ENVISAGED PRICING SYSTEM IS TO FOLLOW CLOSELY THAT OF THE EC. HOWEVER, ACCORDING TO BRANCH INSIDERS CLEVER
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BUSINESSMEN HAVE ALREADY FOUND ONE WAY TO CIRCUMVENT THE SYSTEM: EXPORTERS AGREE WITH BUYERS ON A PENALTY FOR DELAYED DELIVERY, DELAY THE SHIPMENT INTENTIONALLY, AND THEN CHARGE THE OFFICIALLY FIXED MINIMUM PRICE REDUCED BY THE PENALTY. WOLF

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